BILL ANALYSIS

Senate Research Center
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S.B. 1780
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S/C on Higher Education
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, Section 1371.001(4), Government Code, provides independent school districts with a weighted average daily attendance in excess of 50,000 students, metropolitan rapid transit authorities, and hospital authorities, amongst other entities, greater flexibility in financing expansion to meet educational needs. This does not give a large community college district the authority to manage its borrowing portfolio with enough flexibility to take advantage of financial market conditions, thus increasing borrowing costs to the district. Under current law community colleges have no "derivative" authority for general obligation bond purposes.

As proposed, S.B. 1780 provides greater flexibility in financing methods for the state's largest community colleges. It also allows a commercial paper program to provide community colleges with significant "interim" construction financing capabilities and realize resulting cost savings. S.B. 1780 permits community colleges to utilize derivative products, such as interest rate swaps, thus providing additional financing flexibility to build, operate and maintain new educational facilities. The new 40,000 student population limitation parallels the 50,000 limitation applicable to independent school districts that is found in current law.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1371.001(4), Government Code, to redefine "insurer."

SECTION 2. Effective date: September 1, 2005.